

## Business

THURSDAY, SEPTEMBER 26, 2019

**12** Al Mulla Automobiles concludes 'GLE Week' at Mercedes-Benz Boutique at the Avenues**13** After Thomas Cook fallout, Tunisia looks beyond seaside packages**14** Burgan Bank wins excellence award in recruitment of national labor

In this file photo taken on October 18, 2013 London Mayor Boris Johnson gestures after getting out of a double-decker bus during his visit in Hong Kong on October 18, 2013. Wrightbus, the manufacturers of London's iconic red "double-decker" buses, entered administration yesterday, a spokesman for the company confirmed. —AFP

# London red bus maker enters administration

## 1,200 staff to lose jobs; Deloitte exploring options for business

**BELFAST:** Wrightbus, maker of London's red double-deckers and one of Northern Ireland's largest manufacturers, was placed into administration yesterday with almost all of its 1,250 staff losing their jobs, administrators Deloitte said.

Trade union Unite called on British Prime Minister Boris Johnson, who as mayor of London bought a fleet of 600 so-called "Boris Buses" from Wrightbus in 2012, to intervene and nationalize the company. "Despite extensive efforts over recent months it has not been possible to find a buyer who wanted to maintain the business as a going concern," said Michael Magnay, joint administrator, who will oversee a form of creditor protection that often precedes bankruptcy.

Wrightbus is best known for supplying New Routemaster buses to Transport for London (TfL) under the mayorship of Boris Johnson, who is now Britain's prime minister. Based in Ballymena, Northern Ireland, the company is one of the province's largest

employers. The administrators will "explore all remaining options for the business and assets, and would encourage any parties with an interest to contact them," he said, adding that 1,200 of 1,250 staff had been made redundant. Management met with staff and unions yesterday morning to announce the decision.

The Unite trade union said staff were devastated by the move and it was now up to the British government to step in. "Prime Minister Boris Johnson has made great play about how he stands strong for British industry," Unite Regional Secretary Jackie Pollock said.

"We call on Boris Johnson to 'take back control' and nationalize to invest in securing UK bus manufacturing capacity." The British government's Secretary of State for Northern Ireland Julian Smith said in a Twitter post he had been holding talks about Wrightbus' fate. "I ... continue to do all I can to support Wrightbus and its employees," he said.

### Financial woes

Parent company the Cornerstone Group slipped from a profit of 10.9 million pounds in 2016 to a loss of 1.7 million in 2017, the last year it filed accounts for. In accounts published last year, it cited uncertainty in the UK market for new buses and the pressure of increased material prices due to a weaker pound.

It also disclosed a 4.1 million pound donation "to fund the group's commitment to Christian, evangelical and other charitable activities." In 2016 Wrightbus founder William Wright was the first major business leader in Northern Ireland to publicly back leaving the EU.

Local member of parliament Ian Paisley, whose Democratic Unionist Party campaigned for Brexit, yesterday denied that Britain's decision to leave the European Union had had an impact on Wrightbus, noting that its biggest customers were in the United Kingdom. Paisley described the decision to enter administration as "an absolutely tragic body blow." But he said he expected the administration process

would attract a buyer. Wrightbus launched a new-look Routemaster in London in 2012 to much fanfare, but the bus later attracted some complaints. In 2016, Johnson's successor as London mayor, Sadiq Khan, said in a written answer to public questions about the bus, "Londoners deserve a green, affordable and functional bus fleet, which is why I will not be purchasing any more New Routemasters." The London Assembly later cited problems with the batteries and bus capacity. But in May of this year Transport for London announced it had ordered 20 new zero-emission hydrogen-powered buses from Wrightbus. The company also had customers in Ireland, Singapore and Mexico.

As recently as 2016 the firm was awarded a £62 million (\$77 million, 70 million euro) contract to produce the vehicles for the streets of the capital. The iconic red "double-decker" vehicles with a sleek updated design were dubbed "Boris buses", becoming a flagship project for the capital's then-leader. — Agencies

## India auto giant Maruti cuts car prices amid woes

**MUMBAI:** India's biggest maker of passenger vehicles Maruti Suzuki cut prices of some car models yesterday in a bid to boost sales as the auto sector struggles with weak demand amid a wider economic slowdown. The price reduction for 10 models comes ahead of two of India's biggest Hindu festivals, when automakers traditionally record their highest sales for the year.

The lead-up to the festive season has sent shudders through the sector, with passenger car sales in India recording their 10th-straight month of falls in August. The government has announced a raft of initiatives in recent weeks to encourage consumers to open their wallets, and last week slashed corporate taxes to among the lowest in Asia.

Welcoming the tax cut, Maruti Suzuki said it would "share the benefits... with its customers" by cutting prices by 5,000 rupees (\$70) immediately. One of the basic models of



Workers fit out Maruti-Suzuki Swift cars on an assembly line in Manesar in Haryana state. — AFP

the Swift Diesel usually retails for about 514,000 rupees.

The announcement came as Bloomberg reported that US auto giant Ford was set to transfer most of its Indian assets to a joint venture with local behemoth Mahindra & Mahindra. The move, expected to be announced as soon as next week, will see

Mahindra own 51 percent of the new entity, Bloomberg added. Ford, like other major foreign automakers, has sought to tap into India, the world's fourth biggest car market but has struggled to boost its low market share in the price-sensitive South Asian nation. A Mahindra spokesman declined to comment on the report. —AFP

## US new home sales accelerate; lower mortgage rates a boost

**WASHINGTON:** Sales of new US single-family homes rebounded more than expected in August, the latest sign that the struggling housing market was starting to get a lift from lower mortgage rates.

The Commerce Department said yesterday new home sales increased 7.1 percent to a seasonally adjusted annual rate of 713,000 units last month, boosted by a surge in activity in the South and West. July's sales pace was revised up to 666,000 units from the previously reported 635,000 units.

Economists polled by Reuters had forecast new home sales, which account for about 11.5 percent of housing market sales, increasing 3.5 percent to a pace of 660,000 units in August.

New home sales are drawn from per-

mits and tend to be volatile on a month-to-month basis. Sales surged 18.0 percent from a year ago. The median new home price rose 2.2 percent to \$328,400 in August from a year ago. The housing market, the most sensitive sector to interest rates, has perked up in recent months in response to a sharp drop in mortgage rates. Reports last week showed housing starts and building permits jumped to a more than 12-year high in August, and home resales rose to the highest level in 17 months.

The 30-year fixed mortgage rate has dropped about 120 basis points from last year's highs to an average of 3.73 percent, according to data from mortgage finance agency Freddie Mac. The Federal Reserve last week cut interest rates for the second time to offset the impact on the economy from a year-long trade war between the United States and China, and slowing global growth. The US central bank lowered rates in July for the first time since 2008. While other data from the Mortgage Bankers Association yesterday showed applications for loans to purchase a home fell last week, they were up solidly from a year ago. — Reuters