BRIEFS

Chipotle cooking up a comeback

Gene J. Puskar / Associated Press

Chipotle's shares reached a record high on Monday, showing the chain is recovering from customer-illness issues in 2015.

Chipotle Mexican Grill Inc. touched a record high on Monday, showing it's recovering from a string of food-borne illness outbreaks that began in 2015.

Chipotle's shares gained 1.2 percent to $759.87 in New York, the highest since the company's initial public offering in 2006. The customer-illness issues started in 2015, and the shares closed that year at $479.85, beginning the first of three straight annual declines.

Under Chief Executive Officer Brian Niccol, formerly of Taco Bell, the burrito chain has made a series of overhauls. It has relocated company headquarters, pushed hard into delivery and rolled out a new loyalty program to attract customers. So far results have been positive with the key indicator of same-store sales rising 9.9 percent in the latest quarter – the fifth consecutive period of acceleration.

COLLEGES

More top schools pay leaders at least $1M

More universities are paying their presidents at least $1 million in annual compensation to try to retain top talent.

Seventeen presidents of public U.S. colleges reached that level in 2018, compared with 12 in fiscal 2016-17, according to a survey of public records by the Chronicle of Higher Education released Sunday.

Compensation is increasing as presidents are required to manage fiscal matters, raise funds and deal with sports teams and lawmakers in addition to more traditional academic duties. Boards are creating more sophisticated pay packages based on meeting targets and creating incentives to stay, said Dan Bauman, the publication's data reporter.

"They're not just leading a college, but a health care system, dealing with athletics, dealing with donors, dealing with the legislature," said Bauman, who compiled the data. "You're the public face of the university."

With all the challenges, presidents are sticking around for shorter periods. The average tenure for college leaders fell to 6.5 years in 2016 from 8.5 years a decade prior, according to a 2017 survey conducted every five years by the American Council on Education.

The highest compensation in the survey went to William McRaven of the University of Texas System, with $2.6 million; Michael Young of Texas A&M University at College Station, with $1.9 million; and Eric Barron of Penn State University at University Park, with $1.8 million.

CALIFORNIA

Toyota to pay dealer $16M over retaliation

Toyota has been ordered to pay nearly $16 million to a Southern California dealer who alleged that the company's Prius recalls didn't fix safety problems.

The Los Angeles Times says an Orange County jury decided Monday that Toyota had breached "good faith and fair dealing" with Roger Hogan, who has dealerships in Claremont and San Juan Capistrano.

Hogan alleged Toyota retaliated against him after he began raising safety concerns about the Prius electric power system in 2017. The jury specifically ruled on Hogan's claim that a 2014 Prius recall didn't fix defects.

Toyota denies wrongdoing and says the jury's decision doesn't indicate its decision was related to vehicle safety issues.

The company still faces a lawsuit in Los Angeles that says its recalls failed to fix Prius defects.

PENNSYLVANIA

Online casino gambling legalized

Pennsylvania is joining the short list of states where online casino-style gambling is available.

State regulators on Monday are allowing Parx Casino in suburban Philadelphia and Penn National's Hollywood Casino near Hershey to launch online gambling portals to patrons statewide as part of a three-day test.

Nevada, New Jersey and Delaware are the only other states where online casino gambling is legal.

A 2017 Pennsylvania law authorized an aggressive expansion of gambling and allowed the state's casinos to operate casino-style gambling on websites and mobile applications for a license fee of $10 million.

The two casinos aren't ready to roll out poker, however.

American Gaming Association figures show Pennsylvania is already the nation's No. 2 state for commercial casino revenue, behind Nevada, at $3.2 billion last year.

CALIFORNIA

Judge reduces award in Roundup case

A U.S. judge lowered a jury's damage award from $80 million to $25 million for a California cancer victim who used Monsanto's Roundup weed-killer.

The San Francisco Chronicle reports Monday that U.S. District Judge Vince Chhabria said he was required to reduce the punitive damage award because it went beyond constitutional limits set by the U.S. Supreme Court.

In March, a jury found that glyphosate was a likely cause of 70-year-old Edwin Hardeman's diagnosis of non-Hodgkin's lymphoma.

Jurors awarded him $200,000 for economic losses, $3 million for past pain and suffering, another $2 million for emotional distress in his future years, and $75 million in punitive damages. Hardeman's cancer is in remission.

From wire reports

Trump's order 'Made in America'

Federal agencies required to buy more U.S.-made goods

ASSOCIATED PRESS

Chip Somodevilla / Getty Images

President Donald Trump signs an executive order during Monday's "Made in America" product showcase at the White House. He said the order will gradually boost the percentage of products made in the U.S. from 50 percent to 75 percent.

WASHINGTON – President Donald Trump signed an executive order Monday requiring federal agencies to purchase products using more American components.

The order strengthens the standards that federal agencies must follow under the Buy American Act, which creates a preference for American-made goods.

Trump said his order will gradually boost the percentage of U.S. components for qualifying American-made products from 50 percent to 75 percent. He said the threshold would increase to 95 percent for iron and steel products.

"The philosophy of my administration is simple. If we can build it, grow it or make it in the United States, we will," Trump said.

The president signed the order during an annual White House "Made in America" showcase. Manufacturers from all 50 states were represented.

Trump has made it a priority to boost U.S. manufacturing. Even so, the nation's trade deficit has continued to grow under his watch, widening to a decade-long high of $621 billion in 2018.

Trump said foreign countries have been allowed to "steal our jobs and plunder our wealth" in previous administrations. He also used the event to highlight tariffs he's imposed on China, saying China has paid a big price economically as a result of the tariffs.

It's unclear though how the trade dispute will be resolved. He also acknowledged that it's unclear how a new trade agreement he negotiated with Canada and Mexico will fare in the Democratic-controlled House. Democrats want to strengthen enforcement of the agreement's labor and environmental obligations.

"We have to get the Democrats to pass it. They may or may not depending upon how they feel politically," Trump said. "It's all politics, unfortunately."

Mandate for use of U.S. steel unlikely to improve fortunes

By Taylor Telford
WASHINGTON POST

David J. Phillip / Associated Press

Prices of hot-rolled coil steel, an industry benchmark, have fallen from $900 a short ton to a little below $540.

WASHINGTON – President Donald Trump's executive order Monday mandating a greater use of U.S.-made steel and iron in federal infrastructure projects is yet another policy move aimed at lifting the American steel industry.

Peter Navarro, a White House trade adviser, told reporters the order would reinforce the administration's "Buy American preferences" by requiring 95 percent of steel and iron used in federal contracts be American-made.

It follows a similar executive order Trump signed in January, and arrives a little more than a year after the president initially imposed tariffs on imported steel and aluminum. Trump said the levies would boost national security, ensure well-paying jobs and help provide leverage in trade negotiations.

But despite the federal support, the U.S. steel industry – a key priority for the Trump Administration – has yet to see the kind of lasting prosperity Trump promised. While the tariffs did fuel a short-term rise in steel prices and production, the import taxes didn't lead to a major increase in manufacturing jobs, largely because modern mills don't require more manpower to operate at a higher capacity. And as the dawn of 2019 brought the beginnings of a global economic slowdown, steel prices have nose-dived, just as demand among key consumers has broadly weakened.

"Things came back down to earth this year because the demand pulled back, and (the) industrial economy has softened," said Phil Gibbs, a steel industry analyst at KeyBanc Capital Markets.

Prices of hot-rolled coil steel – an industry benchmark – have fallen from last year's high, $900 a short ton, to a little below $540, according to data from CME Group. As of Monday, the S&P Supercomposite Steel Index was down more than 12 percent year to date.

Despite Trump's repeated claims the tariffs have refashioned the American steel industry, their most tangible effect might have been widening the gap between companies like U.S. Steel, that use costly legacy blast furnaces, and companies like Nucor, that use cheaper, more efficient electric-arc furnaces. Since Trump's 25 percent tariff on imported steel was implemented, U.S. Steel has shed roughly 70 percent of its market value – about $5.7 billion. Last month, the company announced it halted production at two plants, one outside Detroit, and another near Gary, Ind.

In the same window, Nucor has lost 20 percent of its market value, but chief executive John Ferriola has said the boom from the tariffs helped free up the company for $2.5 billion in expansion projects. Last month, Ferriola told Bloomberg he thought the tariffs had expedited an "evolution" in the steel industry.

"Are some companies going to suffer? Absolutely," Ferriola said. "We'll we see some capacity go away, I'm sure of it."

Meanwhile, Trump's steel tariffs are costing U.S. consumers and businesses more than $900,000 a year for every job created, according to a report by the Peterson Institute for International Economics, a think tank that supports free market policies. The cost is more than 13 times the typical salary of a steelworker, according to Labor Department data.

According to the most recent data from the U.S. Bureau of Labor Statistics, employment in the primary metals – which includes steel as well as iron, copper, aluminum and brass – amounted to a little more than 382,000 jobs. That marks a 40 percent decline in the past two decades, according to data collected by the Federal Reserve Bank of St. Louis.

Many economists and business leaders point out that jobs in steel-using industries outnumber those in steel production by about 80 to 1, according to experts at Harvard University and the University of California at Davis. But steel-using industries have been hit hard by Trump's tariffs, and they've been forced to absorb costs or pass them along to consumers. General Motors and Ford said Trump's tariffs have cost them $1 billion each.

As he kicked off his reelection campaign in Orlando last month, Trump pointed to the effect of tariffs on the steel industry as evidence of his leadership prowess.

"Thanks to our tariffs, American steel mills are roaring back to life, you know that," he said.

But just as the halo of the tariffs faded, it's unlikely like the new executive order will improve the outlook for American steel. While the order increases the threshold of domestic steel and iron in infrastructure projects from 50 percent to 95 percent, most of these projects already use majority domestic products, Gibbs said.

3 airlines ground flights over Boeing woes

By Aaron Gregg and Douglas MacMillan
WASHINGTON POST

Airlines are planning for the possibility that Boeing's beleaguered 737 Max commercial jetliners will remain out of commission late into the fall as the company works to fix a host of technical problems that have rendered the planes grounded since early March.

The three U.S. airlines that operate Max jets – American, United and Southwest – announced in recent days they will cancel 737 Max flights through Nov. 2, Nov. 3 and Oct. 1 respectively, affecting hundreds of flights every day. The new cancellation dates reflect a significant revision from an expected summer timeline presented as a conservative estimate.

The airlines are waiting for the Federal Aviation Administration to sign off on a Boeing-designed software fix for a flight control system that played a role in two deadly crashes. That fix was originally expected to be delivered no later than April, according to an FAA directive issued in early March, but the process has been complicated by the discovery of other technical problems.

A Boeing official, speaking on condition of anonymity, said the company now expects to submit all of its required software updates for approval by the end of September. That could pave the way for the jets to return to regular flight in November, the Boeing official said. American Airlines executives say the company remains confident that the plane will be recertified to fly before the end of the year.

That timeline assumes, however, that regulators do not find additional problems with the jet or its related software fixes. The FAA has declined to offer a firm timeline or even estimate when it expects to lift its grounding order for the Max.

"The FAA is following a thorough process, not a prescribed timeline, for returning the Boeing 737 Max to passenger service," an FAA spokesman said Sunday. "The FAA will lift the aircraft's prohibition order when we deem it is safe to do so."

Regulators around the globe grounded the 737 Max commercial jetliners soon after a Boeing Max jet went down in Ethiopia in early March, killing 157 people. A similar crash the previous October killed 189 people in Indonesia.

The grounding has taken a sharp financial toll on U.S. airlines and their customers. Flight cancellations are expected to affect about 115 flights per day for American Airlines, 150 flights per day for Southwest, and about 5,000 flights for United during the expected grounding.