

Business

▼ Dow	-416.02	12,216
▼ Nasdaq	-96.66	2,408
▼ S&P 500	-50.33	1,399
▼ Russell 2000	-31.03	792
▼ 10-yr. note	-0.11	4.52%

Channel surfing

By Kara Rowland

Market share dismays XM chief

Rivals XM Satellite Radio Inc. and Sirius Satellite Radio Inc., whose plans to merge face regulatory review, have an "abysmally low" share of the radio market.

Or at least that's how XM Chairman Gary Parsons characterized the 3.4 percent share of all radio listening that satellite-radio channels accounted for last fall during an Arbitron sampling period.

In its first survey asking listeners about satellite and Internet radio — in addition to traditional AM and FM stations — Arbitron culled data from 468,786 listeners who kept diaries of their listening preferences between Sept. 21 and Dec. 13. About 5.6 percent of those surveyed said they listened to satellite radio, citing a total number of 297 separate channels.

In an interview, Mr. Parsons cited the Arbitron data in his defense of the proposed merger, which the National Association of Broadcasters, whose members include traditional AM/FM broadcasters, has criticized as a would-be monopoly.

Arbitron did not include ratings of specific satellite channels, and has put off doing so as it tweaks its rules for measuring programs that air on both satellite and terrestrial AM/FM stations. Still, the data shed some light on listening patterns of XM and Sirius subscribers.

For example, those who said they listen to satellite radio spend more time listening to the radio overall — including AM and FM stations — an average of 33 hours a week, compared with 19 hours a week for those who listen only to AM/FM.

Satellite-radio listeners spent 14 hours listening to terrestrial radio versus 10 hours and 45 minutes spent listening to satellite. Internet radio occupied the remaining 8 hours and 15 minutes.

"It confirms what you might feel subjectively, which is there are people who are really interested in radio, and those heavy users are mixing up all kinds of radio," said Tom Taylor, editor of Inside Radio.

Detailed demographic information on satellite-radio subscribers, who number about 14 million, has been hard to come by, Mr. Taylor noted.

"It's been a very opaque picture regarding satellite radio, but at least it's a glimpse at some listening," he said. "I think [Arbitron] is to be praised for taking the viewpoint that listening is listening, that radio is radio, whether it comes from a little antenna in your car or an AM/FM radio" or over the Internet.

Both District-based XM and Sirius of New York posted narrower fourth-quarter losses this week.

On Monday, XM announced a 45 percent increase in revenue, narrowing its loss to \$263.2 million (90 cents per diluted share) from \$270.5 million (\$1.22) a year ago. Sirius yesterday said its loss narrowed to \$245.6 million (17 cents) from \$311.4 million (23 cents) last year.

The two companies will be the subject of a congressional hearing this afternoon, called by the House Judiciary Committee chairman, Rep. John Conyers Jr., Michigan Democrat. Mel Karmazin, the chief executive officer of Sirius, who would become the combined company's chief executive, is scheduled to testify.

'Ask the ...' returns

Bonneville International's "Ask the ..." program, which features interviews with Washington-area governors and other officials, has returned to all-news WTOP (103.5 FM, 820 AM) from WTWP (107.7 FM, 1500 AM), which didn't have room for the 10 a.m. segment with the debut of "The Tony Kornheiser Show" on WTWP from 8:30 to 10:30 a.m.

Channel Surfing runs on Wednesdays. Call 202/636-3139 or e-mail krowland@washingtontimes.com.

Small-business group hits free-trade pacts

By Steve Hirsch
THE WASHINGTON TIMES

A major business group representing smaller companies is breaking ranks with its brethren and positioning itself against renewing President Bush's ability to negotiate free-trade deals without Congress changing them.

The U.S. Business and Industry Council, which says it represents America's "Main Street" companies, opposes current trade policies because it says those policies have been turned into "engines of outsourcing," according to Alan Tonelson, a research fellow with

Current policies called 'engines of outsourcing'

the organization.

Other, smaller groups are taking similar stands, but the U.S. Business and Industry Council, which represents 1,500 mainly small and medium-sized U.S. companies, is seen as the biggest and most established organization to make such a move.

Typically, major business groups such as the U.S. Chamber of Commerce, the National Foreign Trade Council and the U.S. Council for International Business support free-trade

measures, while labor unions tend to oppose them.

The U.S. Business and Industry Council has been skeptical of U.S. trade policies going back to the 1930s, Mr. Tonelson said. That attitude has been strengthened since the North American Free Trade Agreement, because since then U.S. trade policies have turned into production-outsourcing policies, the group contends.

According to Mr. Tonelson, the United States has lost more than 3 million manufacturing

jobs since 2000, with a "large percentage" of those losses a result of recent trade policy. In addition, he said, U.S. manufacturing output rose by 1.63 percent annually from 2000 through January of this year.

"That's really sluggish, and indicates that too much of the U.S. demand for manufactured goods lately has been satisfied by imports, not by domestic production," he said.

Council President Kevin L. Kearns has said that renewing

trade-promotion authority would allow President Bush "to stay on a policy course that has racked up nearly \$3.6 trillion in merchandise trade deficits, lost huge chunks of vital domestic manufacturing markets to imports and hemorrhaged millions of high-wage manufacturing jobs to foreign competitors."

The group dismisses the notion that the authority is needed for the United States to make trade deals with other countries.

That idea is "nonsense," Mr. Tonelson said.

The U.S. market, he said, is

see TRADE, page C10



With only 16,000 metered parking spaces for the half-million commuters to the District each day, drivers are forced to either double park, as they sometimes do on Vermont Avenue in Northwest, or pay \$20 or more to park in garages or in commercial lots.

Parking sharks

Need a space? Digital valets will find one — for a fee

By Bryce Baschuk
THE WASHINGTON TIMES

Nothing can ruin one's day like navigating the District's notorious traffic jams and maze of one-way streets and closed-off avenues, and then finding no place to park.

More than 496,000 commuters drive into the District each day, but with only 16,000 metered parking spaces in the city, drivers rarely find a place to park on the street. Instead, many motorists are forced to pay \$20 or more to park in a garage or commercial lot.

"A lot of people don't come downtown because they see parking as a nuisance, and there are no spots," said Jason Boseck, president of Mobile Parking LLC in Baltimore.

Mr. Boseck is part of a new breed of private parking companies hoping to bring relief to congested city streets. By



Andrew Rollert, founder of SpotScout Inc., used his service to find a parking spot in Boston recently. Customers can use the service to get real-time parking-vacancy information on cell phones.

calling 1-800-PARK123, Mobile Parking customers can speak with an operator who will find them a vacant space at a nearby parking garage.

Over its five-year existence, Mobile Parking has wooed local parking companies, including Landmark Parking Inc. and MarcParc Inc., and encouraged them to submit vacancy information to his parking database.

"My relationship with parking garages lets me get the information and give it to my customers," Mr. Boseck said.

Mobile Parking charges customers

\$1.75 for each parking reservation they make.

However, area parking-lot operators doubt that reservation services can solve the District's parking problem.

"Typically, parking doesn't need to be reserved," said Mike Nichols, a spokesman for Parking Management Inc. in the District. Mr. Nichols said the mobile reservation business is a "solution looking for a problem."

"You may need a reservation for sold-out shows, sporting events or holidays,

see PARK, page C10

Freddie Mac to reject high-risk mortgages

ASSOCIATED PRESS

Mortgage giant Freddie Mac said yesterday it will no longer buy high-risk home mortgages that it deems to be highly vulnerable to foreclosure. The surprise move occurred in a deteriorating market for subprime loans affected by slumping home prices and rising interest rates.

The government-sponsored company, which is the second-biggest financier of home loans in the United States, said it will begin using stricter standards for mortgages that it buys — including limiting the use of loans requiring less documentation of the borrower's status than con-

ventional mortgages.

The goal is "to help ensure that future borrowers have the income necessary to afford their homes," McLean-based Freddie Mac stated.

"The steps we are taking today will provide more protection to consumers and enhance the level of underwriting standards in the market," said Chairman and CEO Richard Syron.

The changes will take effect Sept. 1, the company said, to avoid disrupting the mortgage market. Roughly half the subprime mortgage-backed securities that Freddie Mac now owns would likely fall short of the new stan-

dards, the company estimates.

The company's new standards cover certain types of hybrid adjustable-rate mortgages that compose about three-quarters of the subprime market. An adjustable-rate mortgage is considered a higher-risk loan because it typically draws borrowers in with an initial low, or "teaser" rate, which can rise substantially over time.

In a bid to promote a change in the home-loan market, Freddie Mac also said it will "strongly recommend" that banks and other mortgage lenders hold money from borrowers in escrow for paying

taxes and insurance.

Fannie Mae, the company's larger government-sponsored sibling and rival in the \$8 trillion home-loan market, said it would wait for forthcoming guidance from regulators on unconventional mortgages before acting.

"We believe the best course of action is to receive this guidance, develop a full compliance plan and act accordingly," said Fannie Mae spokesman Brian Faith. Delinquencies and foreclosures are surging, especially for people who took out subprime mortgages — higher-interest loans for those who are considered higher risks — during the housing boom.

Tobacco payments are used elsewhere

Bill seeks to cut nicotine levels

ASSOCIATED PRESS

About a third of the payments from tobacco companies to the states go to health care and tobacco control, government auditors said yesterday.

The payments, part of a 1998 settlement by four of the nation's largest tobacco companies, were supposed to reimburse 46 states for past health care costs stemming from tobacco use. But states were free to spend the money however they wanted to — and they have.

Sen. Michael B. Enzi, Wyoming Republican, requested the report on how the tobacco funds were spent. The report was discussed during a hearing yesterday on legislation that would let the Food and Drug Administration regulate tobacco. Health groups testifying at the hearing were overwhelmingly supportive of the legislation.

Under the bill, the FDA couldn't ban nicotine outright, but it would give the agency power to reduce nicotine levels, as well as require larger and more informative health warnings.

see SMOKE, page C10

Gas costs to keep climbing

By Bryce Baschuk
THE WASHINGTON TIMES

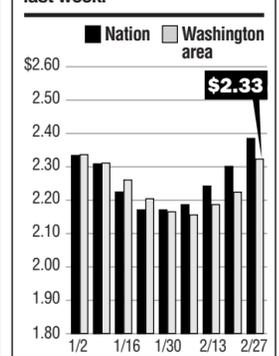
Gasoline prices have climbed this month in the wake of a cold snap, and analysts expect prices to continue to rise — bad news for Washington area drivers who have seen prices increase four months in a row.

The price of unleaded gasoline in the Washington area shot up to \$2.33 per gallon of unleaded fuel yesterday, a 17-cent jump from a month ago, according to AAA auto club's daily fuel gauge report.

see GAS, page C10

FUEL PRICES SNOWBALL

The average price per gallon of regular gasoline rose 11 cents in the Washington area and 8 cents nationwide last week.



Source: U.S. Energy Information Administration, AAA Mid-Atlantic

The Washington Times

CHECKLIST

A roundup of top business news today

Regional

➤ Arlington power producer **AES Corp.** said it completed an agreement to sell its 82 percent stake in utility **CA Electricidad de Caracas** to state-owned **Petroleos de Venezuela SA** for \$739.3 million. AES said that it will record first-quarter costs of up to \$650 million related to the sale.

➤ Baltimore's landmark **World Trade Center**, built by Maryland to anchor the redevelopment of the Inner Harbor, is no longer for sale, Transportation Secretary John Porcari said. Mr. Porcari said the state had received offers that it felt were not enough, a decision with which Gov. Martin O'Malley agrees, he said.

➤ **Fannie Mae**, the District-based mortgage finance company that restated earnings lower by \$6.3 billion, said administrative costs rose last year by about \$900 million as the company tried to complete an overhaul of its accounting. But the company said that cost-cutting measures should yield a \$200 million reduction in operating expenses this year.

➤ The U.S. Air Force said it is fixing glitches in 87 F-22 Raptor fighter jets — built by prime contractor **Lockheed Martin Corp.**, of Bethesda, and partner Boeing Co. — after several aircraft computer systems were disabled earlier this month during a test flight.

➤ D.C. office property investment trust **Columbia Equity Trust Inc.** said that its stockholders approved the merger of Columbia with an affiliate of **JPMorgan Chase Bank N.A.** at a special meeting of stockholders held today. Terms were not disclosed.

➤ **Gladstone Commercial Corp.**, a real estate investment trust in McLean, said net income for its fourth quarter ended Dec. 31 fell 15 percent to \$895,853 (0 cents per diluted share) from \$1.05 million (14 cents) a year ago. Net income for 2006 rose 22 percent to \$4.4 million (27 cents) from \$3.6 million (47 cents) the previous year.

National

➤ The **AFL-CIO**, the largest U.S. labor group, is asking the New York Stock Exchange to investigate **Wal-Mart Stores Inc.**'s executive-compensation practices. The AFL-CIO said Wal-Mart may be violating its own rules by allowing management, rather than its outside directors, to hire a compensation consultant.

➤ **LongView Funds**, a union-connected institutional shareholder of **Toll Brothers Inc.** said it plans to withhold support from company director Carl Marbach, chairman of the executive-compensation committee, to protest the "excessive and unjustifiable" compensation for the chief executive of the luxury-home builder.

➤ Like many companies across industries, **FedEx Corp.** is capping the traditional pension plan offered for most of its employees. Instead it will offer a cash balance plan, which lets workers take benefits with them if they leave the company.

➤ The judge overseeing **Northwest Airlines Corp.**'s bankruptcy reorganization approved its purchase of feeder carrier **Mesaba Aviation Inc.** Mesaba, a unit of MAIR Holdings Inc., has operated as a feeder airline with Northwest as its only customer. Both airlines are in bankruptcy.

➤ A **JetBlue Airways Corp.** flight heading to New York was diverted to Philadelphia for a faulty indicator light, prompting the airline to bus passengers to their final destination. The airline, which went on the defensive after stranding passengers in planes at John F. Kennedy International Airport for up to 10½ hours earlier this month, does not operate at Philadelphia International Airport.

➤ **Coach Inc.** and **Tiffany & Co.** shares fell after a plunge in Chinese stock prices prompted concern that wealthy consumers there may pare purchases of expensive items. Coach, the biggest U.S. maker of luxury goods, fell 6 percent, while Tiffany, the largest U.S. high-end jewelry maker, shed 5.6 percent.

➤ **Federated Department Stores Inc.**, parent of Macy's and Bloomingdale's, said stronger sales and lower costs drove net income 5 percent higher for its fourth quarter ended Feb. 3. The retailer also announced plans to change its

name to Macy's Group Inc. Net income rose to \$733 million (\$1.40) from \$699 million (\$1.26) a year ago.

➤ Four California men were arrested in what police said was a scheme to switch checkout-lane credit-card readers at **Stop & Shop** supermarkets as a way to steal customers' numbers and passwords. The men removed or tried to remove PIN pads from at least six stores in Rhode Island and Massachusetts and replaced them with alternative machines, authorities said.

➤ Shares of **RadioShack Corp.** surged 12 percent after the electronics retailer said profit for the fourth quarter ended Dec. 31 jumped 64 percent on lower costs. Net income totaled \$84.5 million (62 cents) compared with \$51.2 million (38 cents), a year earlier. For 2006, net income fell 73 percent to \$73.4 million (54 cents).

➤ **Bristol-Myers Squibb Co.** said in a filing that the U.S. attorney of New Jersey won't take any action against the company over its botched patent settlement for its blood thinner, **Plavix**. Bristol-Myers noted it is still under investigation by the U.S. Department of Justice over the deal with Canadian generic drug maker **Apotex Inc.** that collapsed last year.

➤ **Toyota Motor Corp.**'s Highlander sport utility vehicle should start rolling off the assembly line at a new, \$1.3 billion plant in northeast Mississippi by 2010, company and state officials said. Toyota disclosed the site for its eighth vehicle assembly plant in North America, about 10 miles northwest of Tupelo. It also considered sites in Arkansas and Tennessee.

➤ **Chrysler Group**, a unit of DaimlerChrysler AG, said it will offer all 49,600 hourly workers in the United States up to \$100,000 to leave the company as part of a recovery plan announced earlier this month. The company, which lost \$1.475 billion in 2006, said on Feb. 14 it intends to shed 13,000 jobs, including 11,000 hourly positions and 2,000 salaried.

➤ **Lear Corp.** said it faces six lawsuits from shareholders seeking to block the automotive parts supplier's acquisition by billionaire investor **Carl Icahn**. At least three major shareholders, representing a stake of almost 19 percent, publicly oppose the deal. Mr. Icahn owns 16 percent of Lear.

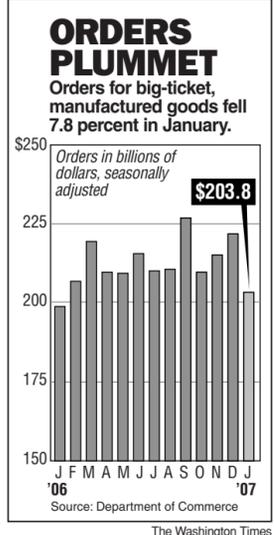
International

➤ **Airbus** emerged from one damaging battle but looked set to plunge into another, as workers staged walkouts and threatened wider strikes over expected job losses, plant sales and other restructuring measures to be announced. The European aircraft maker's main French labor union called the cutbacks "a declaration of war."

➤ **Denmark** signed an agreement with the United States for the production and support phase of building the **Joint Strike Fighter** but did not formally commit to buying the aircraft. Defense Minister Soeren Gade stressed that Denmark would decide "in 2009 at latest" whether to buy the Joint Strike Fighter.

➤ **Ford Motor Co.** slowed auto production at its **Venezuelan** unit this month because suppliers couldn't get the dollars they needed to import parts and raw materials. Ford cut output to 65 percent of capacity this month from full capacity while it sought to prove to the government that some imported items used to assemble cars aren't made domestically.

From wire dispatches and staff reports



Airline delays to be investigated

Transportation Department has 'serious concerns' over fixes

BLOOMBERG NEWS

The U.S. government will investigate why passengers were stranded for long periods of time on JetBlue and American Airlines planes, increasing pressure on the nation's carriers to improve service.

"I have serious concerns about airlines' contingency planning that allows passengers to sit on the tarmac for hours," Transportation Secretary Mary E. Peters said yesterday.

Mrs. Peters asked her department's inspector general, Calvin Scovel, to look into incidents at JetBlue Airways Corp. earlier this month and at AMR Corp.'s American in December. She also wants him to examine airlines' customer-service commitments and policies for dealing with ex-

tended ground delays.

The government auditor joins consumers and members of Congress in examining whether airlines are doing enough to address service problems. The Air Transport Association, the industry's trade group, has proposed voluntary steps rather than mandates under so-called passengers' rights legislation.

Some JetBlue passengers were stranded on planes in New York close to 10 hours because of a Feb. 14 ice storm. More than 4,600 travelers on American were stuck on aircraft in Texas during December thunderstorms.

Mrs. Peters asked in her statement that Mr. Scovel recommend what airlines, airports and the government can do to

prevent future similar events, as well as share carriers' successful practices.

"We will cooperate fully with the DOT inspector general," said Jenny Dervin, a spokeswoman for JetBlue. The New York company "shares those concerns" voiced by Mrs. Peters and is making changes to avoid a repeat of its problems, she said.

American wants to show the department what happened during "the massive thunderstorms" on Dec. 29, how it responded and procedural changes it made to address passenger needs, said Tim Wagner, a spokesman for the Fort Worth, Texas, carrier.

Mrs. Peters' response to the incidents is similar to that of her predecessor, Norman Y.

Mineta. After customer-service problems during the holiday period of Dec. 22-28, 2004, he asked Inspector General Ken Mead to investigate.

In a March 2005 report, Mr. Mead blamed US Airways Group Inc. managers for flight disruptions involving 560,000 passengers that prompted 72,000 baggage complaints. He also blamed problems at Delta Air Lines Inc.'s Comair unit on severe weather and the failure of a computer system used to schedule crews.

Sen. Barbara Boxer, California Democrat, introduced legislation Feb. 17 that requires airlines to let passengers leave planes after they have been stranded on board three hours after the door closes on the tarmac.

TRADE

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The U.S. market, he said, is "far and away the biggest prize of any significant world trade negotiation," and the market everyone needs to be in.

The council's position stands in sharp contrast to many business organizations. The Business Roundtable, for example, calls the authority a "key tool necessary to keep America competitive in the global economy."

Mr. Tonelson says these larger business groups are looking out for the interests of large U.S. multinational corporations.

Other business groups going against the grain include the

American Manufacturing Trade Action Coalition, made up of 150 to 200 companies, largely in the textile industry, but also in such sectors as furniture, tool and die, and packaging.

The coalition opposes the extension, which its executive director, Auggie Tantillo, has called "the blank check Congress gives to the executive branch to offshore entire U.S. industries."

Every trade agreement reached under the authority, Mr. Tantillo has said, "has resulted in the maximization of imports at the expense of domestic production."

AFL-CIO Policy Director Thea M. Lee said it has always seemed "rational to us" that some business groups would

agree on the need for new trade, tax and currency policies that make it easier to be more competitive in the United States.

The labor organization, she said, is happy to have a strong partner that can articulate concerns from a business perspective. The council's presence, she said, changes the discussion when the argument is made that U.S. businesses, not just workers, are hurt by bad trade policies.

In addition, Miss Lee said, the U.S. Business and Industry Council has always had an easier entree into Republican offices than has the labor group. That access continues to be important, even with new Democratic majorities in the House and Senate.

PARK

From page C9

but other than that, you can drive to any garage in D.C. without a problem," he said.

SpotScout Inc., a startup company in Cambridge, Mass., is another firm hoping to curb parking issues in the nation's largest cities.

SpotScout gives its customers a visual display of nearby parking spaces right on their cell phones.

Like Mobile Parking, SpotScout has a database that posts real-time vacancy information from parking lots and garages.

"We want garages to take advanced reservations and depart from the old form of randomly driving in and parking," said Andrew Rollert, founder and chief executive officer of SpotScout Inc.

SpotScout also allows customers to bid on private residential spaces, which sellers can rent while they're at work or

out of town.

SpotScout users can also sell information about what time they intend to vacate a public parking space, which other users can purchase.

"The person who purchases the information is given an advantage over other parkers," Mr. Rollert said. "They are told the time, location and make, color and year of the car."

SpotScout offers the service to users for free but takes 15 percent of each transaction made over its network. The cost of a reservation is set by the network's users, so it varies.

Skeptics question the company's plans for public parking spaces. "SpotScout will run into problems with people selling something in the public domain," Mr. Nichols said. It is illegal to reserve a parking space that is owned by the District, he said.

SpotScout concedes that sellers might not vacate a space when promised, and buyers could lose a space to someone else. In those cases, the company said, users will not get their money back. The only

spaces that are guaranteed are private spaces or those reserved in commercial lots and garages.

SpotScout's service is viable in cities that have automated parking systems that stack cars and monitor vacancies electronically because that information can be incorporated into the company's database.

But garage owners say SpotScout has a long way to go before the startup gains traction in the District.

"The primary problem with D.C. is that garages are parked manually and typically don't have automated equipment that can be [incorporated into an] online database," said Greg Maxey, senior vice president of Central Parking Corp., a Nashville, Tenn., parking company with several garages in the D.C. area.

SpotScout is testing its service in Boston, San Francisco and New York and has plans to expand into the District.

"D.C. is a prime market for us," Mr. Rollert said. "D.C. has one of the worst supply ratios for parking in the country."

SMOKE

From page C9

"Again and again, the tobacco companies have proven to us they will manipulate the system to encourage the uptake of smoking and keep current smokers from quitting," said Dr. Elmer Huerta, president-elect of the American Cancer Society.

But Mr. Enzi said he opposed the legislation because he thinks it would undermine the FDA's mission of approving cures.

"The proposed bill would

force this premier agency to provide its FDA seal of approval on a deadly product that has no health benefit," Mr. Enzi said.

Mr. Enzi said lowering tobacco use could be accomplished if states spent their tobacco settlement proceeds as advertised in the 1998 agreement between the nation's largest tobacco companies and the states.

"While states are spending their funds on a variety of projects, they are not spending key funds on the care of smokers and former smokers, or preventing tobacco use in the first

place," Mr. Enzi said.

The Government Accountability Office found that states got \$52.6 billion in tobacco settlement payments between 2000 and 2005. Health care led the way when it came to how the money was spent — 30 percent. Budget shortfalls accounted for 22.9 percent of the money.

Another 6 percent of the money went to infrastructure such as roads, while education got 5.5 percent. An array of other uses also got funds.

Programs designed to lower tobacco use got only 3.5 percent of the funding.

U.S., China need climate talks

LONDON (Reuters) — China and the United States, key to tackling climate change, are both acting on global warming and must start giving each other credit for it, former World Bank chief economist Nicholas Stern said yesterday.

Mr. Stern, who produced a report in October on the economics of climate change, said the two countries — one the

world's biggest polluter and the other quickly rising — had to open their eyes and start talking to each other.

"The United States is moving," Mr. Stern told an audience of bankers, politicians and business people at a Reuters Newsmaker event. "And China is moving."

"If the United States will recognize that China is moving and if China will recognize that the

United States is moving . . . then you can have that kind of discussion," he said, urging more speed from both sides.

The United States rejected the Kyoto Protocol — the only global action plan to combat global warming — saying it would be economic suicide. China, which is building one coal-fired power plant a week, is not bound by it.

GAS

From page C9

National fuel prices rose 21 cents in February to \$2.38 a gallon and increased 6 percent from last year's price of \$2.24, according to the Energy Information Administration's gasoline and diesel fuel update.

"You can blame some of the recent price increase on the vagaries of winter weather," said John Townsend, a spokesman for AAA Mid-Atlantic, based in the District.

Gasoline prices in the winter are, on average, lower than during other times in the year because people tend to drive less in the colder months.

This winter has proved to be an exception because of some dramatic shifts in weather. The unseasonably warm beginning to the season was replaced by icy storms and freezing temperatures in February.

"The cold snap we've experienced has generated higher fuel costs," Mr. Townsend said. "The winter storms have created a greater demand for home heating oil."

The sudden demand for home heating oil in February has driven up the price of light sweet crude oil, which closed yesterday at \$61.46, a 14 percent increase from last month when oil was \$54.01 a barrel.

"We've seen crude oil prices drop to low levels because of the mild weather, but now they are

coming back up to the \$60 range, which seems to be their comfort level," said Michael Burdette, a spokesman for the federal Energy Information Administration.

On the supply side, analysts said global economic issues are affecting the price of oil.

"It's hard to produce oil in Iraq when there are people shooting at you, and all the saber-rattling in Iran is still a factor," said John Felmy, chief economist at the American Petroleum Institute, a national trade organization for the oil and petroleum industry.

Net crude oil imports for the second week of February were 17 million barrels less than the previous week and 96 million barrels less than a year ago.

Total gasoline inventories fell

Bird flu vaccine seen as a stopgap

ASSOCIATED PRESS

It's better than nothing, federal health advisers said yesterday in urging approval of the first bird flu vaccine as a stopgap against a potential pandemic until more-effective vaccines can be developed.

The panel said in a 14-0 vote that the vaccine was effective, despite evidence it wouldn't protect most people against the deadly H5N1 strain of bird flu. The panel then voted that it was safe.

"I hope we never have to use it," said panel member Dr. Melinda Wharton, deputy director of the national immunization program at the Centers for Disease Control and Prevention. "But this is the vaccine we have now."

The votes came after Food and Drug Administration officials said the Sanofi Aventis SA vaccine could play an important role in protecting against a pandemic, considered ever more likely, despite its limited effectiveness.

The government plans to buy and stockpile enough bird flu vaccine for 20 million people, including emergency and health care workers. The Sanofi vaccine wouldn't be sold commercially.

Dr. Jack Stapleton of the University of Iowa Hospital Clinic called the vaccine "better than nothing." Fellow panelist Robert Webster of St. Jude Children's Research Hospital in Memphis, Tenn., likened the vaccine to a child's first step — "very tentative and very necessary to do" — before adding, "There is a long way to go."

Annual subsidy for Amtrak hit

HEARST NEWSPAPERS

The Bush administration yesterday criticized a plan by a group of railroad-riding senators to overhaul Amtrak and give the passenger railroad an annual subsidy of \$3.2 billion to repair aging lines and start new service.

Joseph Boardman, administrator of the Federal Railroad Administration, told a Senate Commerce, Science and Transportation Committee panel that the administration has "serious reservations" about the proposal and that the federal government must stop subsidizing Amtrak.

Giving the railroad more money "undermines the incentive for the railroad to become more efficient and businesslike," Mr. Boardman told the Commerce surface transportation and Merchant Marine infrastructure, safety and security subcommittee.

3.1 million barrels in the second week of February and were down nearly 1 percent over last year.

The current gas prices "will create a lot of discomfort for D.C. drivers because I think that [they] will continue to increase," Mr. Townsend said. "I just hope it doesn't go to \$3 any time soon."

Mr. Burdette is less pessimistic about the increase in gas prices over the coming months and said the price of gasoline is unlikely to surpass \$3 a gallon in the near future.

"If you carry [the increasing price of oil] on to the summer, we're still only going to see gas prices at \$2.60 or \$2.70 per gallon," Mr. Burdette said. "These prices are still low compared to the peaks we've seen in the past few years."